

**Approved Minutes**  
**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION MEETING**  
**May 12, 2005**  
**2:00 P.M.**

Jesse M. Unruh State Office Building  
915 Capitol Mall, Room 587  
Sacramento, CA 95814

**1) ROLL CALL**

Deputy Treasurer Ed Emerson called the meeting to order at approximately 2:05 p.m. Members present included: Molly E. Arnold for Governor Arnold Schwarzenegger, Windie Scott for State Controller Steve Westly, Donna Linton, Assembly Member Judy Chu, Senator Dave Cox, and José Cisneros. A quorum was present.

**2) APPROVAL OF THE MINUTES (from December 9, 2004 meeting)**

Ms. Windie Scott requested the misspelling of her first name be corrected in the minutes of the December 9, 2004, then moved that the minutes be approved as amended. The motion was seconded by Mr. Colin Grinnell and passed (7-0).

**3) EXECUTIVE DIRECTOR'S REPORT**

Ms. Jane Thompson presented a summary of CDIAC's seminar activities since the May 12, 2005 Commission meeting. This discussion included information on ongoing educational seminar programs. These seminars included three debt-issuance related seminars, four public investment-related seminars, and two Tools to Revitalize California Communities seminar programs. Ms. Thompson also provided a list of planned seminars, reports, and projects for the remainder of 2005.

Ms. Thompson presented information regarding the completion of several CDIAC publications such as: *State and Local Bond and Tax Measures: Results of the November 2004 General Election*; *California Public Fund Investment Primer*; *20 Questions for Municipal Interest Rate Swap Issuers*; *Local Agency Investment Guidelines: Update for 2005*; and CDIAC annual reports.

#### **4) ACTION ITEMS**

##### **Item 4.a. Approval of Resolution 05-01: Deferral of Increase in Reporting Fee for 2005-06.**

Ms. Thompson presented Resolution 05-01 to the Commission for approval of deferring an increase in CDIAC's reporting fee from July 1, 2005 to June 30, 2006. Mr. Dave Cox moved to approve the resolution; Ms. Scott seconded this motion, and the resolution was approved unanimously (7-0).

#### **5) INFORMATIONAL ITEMS**

##### **Item 5.a. Update on Contracting Activity**

Ms. Thompson updated the Commission on Resolution 04-01, which delegated the Executive Director or the Acting Executive Director authority to enter into contracts and interagency agreements on behalf of the Commission not to exceed \$300,000 or if the total dollar amount of all contracts for the fiscal year does not exceed \$500,000.

The Commission was updated on two separate interagency agreements between CDIAC and STO to cover administrative services for \$336,573 and facility operations for \$102,986. Although STO administrative staff indicated that the interagency agreement would increase, the individual amounts of the agreements would not exceed the limits provided by CDIAC Resolution 04-01.

The Commission was informed that all contracts entered into by CDIAC will be reported at the Commission meetings, as well as receiving information for contracts exceeding \$50,000 by interim updates to members.

##### **Item 5.b. Collection of Race/Ethnicity/Gender Data from Members of a Debt Issuance Financing Team on a Voluntary Basis**

Ms. Thompson presented the findings regarding a form update request by Ms. Donna Linton at the December 9, 2004 Commission meeting. The form update would include the collection of race/ethnicity/gender data from firms that participate in the issuance of public debt in California.

Ms. Thompson reported that while CDIAC is not expressly authorized to collect information regarding women and minority-owned businesses that engage in public finance transactions, this information can affect how some communities obtain best terms in debt financing transactions. It was also reported that CDIAC staff discussed the issue with its Legal Counsel, who determined that CDIAC staff had authority to collect such information on a voluntary basis.

Ms. Thompson presented CDIAC's proposed approach for the implementation of collection of such data. This included a collection of race/ethnicity/gender classification of the majority ownership of a business specifying on the form that information being provided is voluntary; that it would collect information for each

member of the finance team that it currently collects information for on its forms; in the event that a syndicate or team of firms is used, information would be collected only for the lead member; and CDIAC staff would ask the firm/individual to specify its race/ethnicity/gender classification (CDIAC would not provide a definition or “check box” choice).

Ms. Thompson also reported that the response rate for the breakdown of cost of issuance data is low, and while CDIAC staff can gather information on total cost of issuance and underwriter discount from official statements supplied, the documents do not contain information on fees charged by the various financing team members. The collection of such information is spotty, and CDIAC staff does not report the breakdown of costs of issuance in any documents CDIAC publishes. As such, anyone interested in determining how much is received for services on a bond transaction for minority/women-owned business would need to request the information directly from CDIAC staff.

Mr. Dave Cox asked why CDIAC would be collecting such information. Ms. Linton explained why she requested such information be collected and that it would be important for communities interested in the breakdown of such information.

#### **Item 5.c. Seminar Activities for 2005**

Ms. Thompson briefed the Commission on CDIAC’s seminars and workshop activities that have taken place since December 9, 2004 Commission meeting. They include: *CDIAC at the California Society of Municipal Finance Officers Annual Conference* held in Burlingame, CA, *Investing Public Funds: Fundamentals of Managing Your Portfolio* held in Long Beach, CA; *Keys to Good Disclosure: A Municipal Securities Disclosure Symposium* held in Los Angeles, CA; *CDIAC at the California Municipal Treasurer’s Association Annual Conference* held in San Diego, CA; *Variable Rate Financing and Interest Rate Swaps for Municipal Finance Issuers* held in Seaside, CA; *4<sup>th</sup> Annual Tools to Revitalize California Communities Program at the UCLA 2<sup>nd</sup> Annual Smart Growth Conference* held in Los Angeles, CA, and *Tools to Revitalize California Communities: Small Business and Technical Assistance Workshop* held in San Diego, CA.

The proposed seminar schedule through the remainder of fiscal year 2005 includes a *Pre-Conference at the 15<sup>th</sup> Annual Bond Buyer California Public Finance Conference* in Carlsbad, CA, *Advanced Portfolio Management Decision Making Workshop* in Southern California, a *Fundamentals of Debt Financing Conference* in Northern California, *Alternative Energy Financing Symposium* in Northern California, and *Current Issues in Land-Secured Financing Workshop* in Southern California.

#### **Item 5.d. Reports/Publications Work Plan for 2005**

Ms. Kristin Szakaly-Moore briefed the Commission on CDIAC’s Reports and Publication Work Plan for 2005. Upcoming research projects include an informational brochure entitled *Investment Policy Reporting Practices: An Informational Guide* which gives examples of effective ways of providing

investment policy information for local government treasurers and their staff; the *Debt Issuance Primer Handbook*, which will serve as a guide to the *Debt Issuance Primer* and summarize major topics and direct readers to sections where more detailed information can be obtained; and the 2005 edition of the *California Debt Issuance Primer*. CDIAC TAC members will assist CDIAC staff on updating the *Debt Issuance Primer* to include discussions on two topics: derivatives and auction rate securities.

Additional upcoming reports include *Understanding Yield Measurements*, which will provide a descriptive account of portfolio yield measurements and how different measures produce change results comparatively; and a summary report on AB 943 reporting. This summary provides county and city treasurers with feedback on how CDIAC uses investment information provided to them.

Other projects CDIAC staff are working on include; *Understanding Asset-Backed Commercial Paper*, *Local Agency Investment Guidelines Update for 2005*, and debt issuance data interface.

## **5) PUBLIC COMMENT**

There was no public comment.

## **6) ADJOURNMENT**

There being no further business, the meeting was adjourned by acclamation at 2:55 p.m.